GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3549
ANSWERED ON:20.08.2004
RIGHT ISSUE OF GLOBAL TOUST BANK
Venkatswamy Shri G.

Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board (SEBI) has barred the main promoters and his associates from subscribing to the proposed rights issue of Global Trust Bank which needs immediate fund infusion;

(b) if so, the details thereof and reasons therefor;

(c) whether it is also a fact that some international investors are eager to invest their funds in the bank which had shown remarkable improvement in its functioning;, and

(d) if so, the reasons for not permitting them to invest?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)&(b): The Securities & Exchange Board of India (SEBI) has informed that it has, vide its final order dated March 23, 2004 has directed the following promoter group entities not to buy, sell deal or pledge in the shares of Global Trust Bank for a period of 18 months with effect from December 31,2002.

1.RAMESHGELLI
2. PREMKALAGELLI .
3. JAYANTMADHAV
4. GIRRISHGELLI
5. NIRAJGELLI
6. SRIDHARESUBASRI
7 ANNAPURKA SRIDHAR
8. ANJANAYA TRADERS PVT. LTD.
9. CHIRANJEEVI TRADERS PVT. LTD.
10. GAJANAN FINANCIAL SERVICES PVT. LTD.
11. GAJMUKH INVESTMENTS PVT. LTD.
12. KADRISH FINANCE & INVESTMENTS PVT. LTD.
13. BOMBAY MAHALAKSHMI TRADERS PVT. LTD.

An interim order dated 31.12.2002 under section 11B of SEBI Act, 1992 was passed directing these 13 promoter group entities and other entities not to buy, sell or transfer, pledge or dispose

off or deal in any other manner in the shares of Global Trust Bank (GTB) either directly or indirectly till the investigations were completed. The said entities were offered a post decisional hearing on February 3 and 4,2003. An order was passed against the promoters and associates of GTB confirming the order dated December 31, 2002 on June 13, 2003. Further, a final order has been passed against these entities prohibiting them from dealing in securities of GTB for a period of 18 months with effect from December 31, 2002 vide the abovementioned order dated March 23, 2004.

(c) & (d): The bank submitted a proposal on ll1 May, 2004 to Reserve Bank of India from New Bridge Capital Ltd., a company based in Cayman Island for investment in GTB. However, the proposal was not acceptable to Reserve Bank of India on account of regulatory concessions and prudential forbearance as also foreign jurisdiction sought for dispute resolution. The performance of the bank has deteriorated considerably on major parameters since March 31, 2001 instead of improvement in the functioning.